

Message Text

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ORIGIN COME-00

INFO OCT-01 ARA-10 ISO-00 EB-07 /018 R

DRAFTED BY COM/OIM/LAD/BIC/SBEVANS/CS/242

APPROVED BY EB/OCA/REP/LAKLIEFORTH

COM/OIM/LAD/ IC/TJOHNSON/CMM

COM/OIM/LAD/UIC/BJCAHILL/RMD

ARA/LA/JSLATTERY

RA/ECP/DLACEY

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P R 091546Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

AMCONSUL SAO PAULO

INFO AMCONSUL RIO DE JANEIRO

UNCLAS STATE 133719

E.O. 11652: N/A

TAGS: BEXP, BR

SUBJECT: MECANICA 75

REF: (A) STATE 118930; (B) SAO PAULO 0954

1. CANCELLATIONS IN SPACE RESERVATIONS PER REFTTEL (A)
CONTINUE SHARP INCREASE AS RESULT OF RECOMMENDATIONS MADE
TO U.S. COMPANIES BY THEIR BRAZILIAN AGENTS. CIRCULAR
LETTER RECENTLY SENT OUT BY THE SYNDICATE OF THE LOCAL
REPRESENTATIVES OF FOREIGN MACHINE TOOL MANUFACTURERS IN
BRAZIL STATE: 'THE SYNDICATE DOES NOT AGREE ON PROMOTING
ANY INTERNATIONAL EXPOSITION UNTIL THE BRAZILIAN GOVERNMENT
DECIDES TO APPROVE A DEFINITE REGULATION ON THIS KIND OF
PROMOTION, WITH FULL GUARANTEE FOR THE EXHIBITORS REGARDING
PAY;ENT OF THE MACHINES WITHIN A REASONABLE AND ACCEOT
ACCEPTABLE PERIOD OF TIME FROM PURCHASE DATE.....AS WE
ANTICIPATE HAVING SERIOUS DIFFICULTIES IF THE EXHIBITION IS
CARRIED OUT UNDER THE PRESENT CIRCUMSTANCES, WE DO SINCERELY
ADVISE YOU TO NOT PARTICIPATE IN THAT EVENT BEFORE WE HAVE
CONCRETE LEGAL BASIS TO PROTECT YOUR INTERESTS AND OURS AS
WELL., FULL TEXT BEING AIRMAILED TO ACTION POSTS FOR RE-
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VIEW, COMMENT AND ASSESSMENT. CIRCULAR WHICH IS BEING

GIVEN WIDE DISTRIBUTION MAY HAVE BEEN PURPOSELY WRITTEN RATHER STRONGLY TO MAKE IMPACT ON BRAZILIAN PU BUREAUCRACY. USDOC MUST STATE USG POSITION TO EXHIBITORS.

2. U.S. COMPANIES ARE REQUEST REQUESTING USDOC PROJECT OFFICER TO CONFIRM IN WRITING THAT TRANSFER OF METALWORKING EQUIPMENT WILL BE MADE POSSIBLE WITHIN REASONABLE PERIOD BY CACEX AND PROMPT PAYMENT CAN BE REALIZED. OF EXTREME IMPORTANCE IS ACTION BY GOB TO REINSTATE THE TERMO DE RESPONSABILIDADE PER REFTEL (B). SHOULD GOB NOT REINSTATE TIS PROVISION FOR EQUIPMENT SOLD OFF THE FLOOR, EXHIBITORS FEEL THEY COULD EXPECT EXTREMELY HIGH STORAGE COSTS, POSSIBLE CANCELLATIONS IN SALES, COSTS FOR RESHIPMENT OF MACHINES TO U.S. AND DAMAGE TO EQUIPMENT.

3. REQUEST EMBASSY OVERALL ASSESSMENT REGARDING USDOC CONTINUED EFFORTS TO ENCOURAGE BOTH ESTABLISHED AND NTM COMPANIES TO PARTICIPATE IN MECANICA IN LIGHT OF CURRENT DELAYS TO MODIFY IMPORT REGULATIONS WHICH AFFECT OFF THE FLOOR SALES AT INTERNATIONAL EXHIBITIONS.

4. REQUEST CONGEN SAO PAULO CONTACT GREGARIO MARIN PRECAIDO OF GREMAFER COMERCIAL E IMPORTADORA LTDA, RUA REGINATA DUCCA 23 RUDGE RAMOS, SAO BERNARDO DO COMPO, SAO PAULO, TELEPHONE 457-3490 ADVISING THAT U.S. PRINCIPALS HE REPRESENTS ARE CONCERNED AND READY TO CANCEL PARTICIPATION AS A RESULT OF HIS ASSERTION THAT IMPORT LICENSES WILL BE GRANTED VERY TARDILY OR MAY NOT BE ISSUED BY GOB FOR EQUIPMENT DISPLAYED AT MECANICA REQUIRING COMPANIES TO EITHER BE BURDENED WITH HIGH STORAGE COSTS AWAITING POSSIBLE GRANTING OF LICENSES OR WITH RETURN OF ALL EQUIPMENT TO U.S. GREMAFER REPRESENTS NIAGARA MACHINE & TOOL WORKS, SUNDSTRAND MACHINE TOOL, LEBLOND, INC. AND W. A. WHITNEY. CANCELLATION OF BOOTHS BY THESE COMPANIES REPRESENTS REDUCTION OF OVER 100 SQUARE METERS OF EXHIBIT SPACE. REQUEST POST CONFIRM VERACITY OF GREMAFER ASSERTIONS.

5. CONGEN SAO PAULO MAY ALSO WANT TO CONTACT ARMANDO UNCLASSIFIED

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BUSSETI, TELEPHONE 65-9882, 66-3237 WHO IS REPRESENTATIVE FOR SEVERAL COMPANIES WHO HAVE CONFIRMED PARTICIPATION AND MAY ALSO CONSIDER CANCELLING AS RESULT OF BUSSETI ADVISING NATIONALIZATION AND PAYMENT OF MACHINES COULD TAKE AS LONG AS EIGHT MONTHS. BUSSETI REPRESENTS BRYANT GRINDER CORPORATION, DOALL INTERNATIONAL SALES, GIDDINGS & LEWIS, E. W. BLISS, REED ROLLED THREAD DIE COMPANY AND STRIPPIT DIVISION OF HOUDAILLE. THESE COMPANIES REP-

PRESENT SIZEABLE SHARE OF U.S. EXHIBITION SPACE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE133719
Document Source: CORE
Document Unique ID: 00
Drafter: OIM/LAD/BIC/SBEVANS/CS/242
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750201-0137
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750668/aaaacjvj.tel
Line Count: 116
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN COME
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 118930, 75 SAO PAULO 0954
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 12 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 FEB 2003 by PhilliR0>; APPROVED <03 FEB 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MECANICA 75
TAGS: BEXP, BR
To: BRASILIA SAO PAULO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006